

CITY OF LEOTI, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Leoti, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Leoti, Kansas, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the City of Leoti, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Leoti, Kansas as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Leoti, Kansas as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Leoti, Kansas as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated September 12, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

August 26, 2019

CITY OF LEOTI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2018

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>	<u>Receipts</u>
General fund	\$ 343,932	\$ -	\$ 966,320
Special purpose funds:			
Ambulance and fire equipment	103,328	-	27,935
Special highway	38,188	-	39,467
Non-budgeted special purpose funds:			
Fire equipment reserve	88,951	-	42,338
Equipment reserve	720,873	-	-
Saturday cinema	3,148	-	750
Capital improvement general	7,500	-	-
Sidewalk project	-	-	72,728
Total special purpose funds	961,988	-	183,218
Business funds:			
Water operating	1,315,260	-	673,457
Sanitation operating	261,694	-	263,576
Sewer operating	445,390	-	215,612
Storm water operating	48,897	-	8,724
Non-budgeted business funds:			
Water reserve	670,098	-	-
Sanitation reserve	77,112	-	-
Sewer reserve	90,000	-	-
Total business funds	2,908,451	-	1,161,369
Total reporting entity - excluding agency funds	\$ 4,214,371	\$ -	\$ 2,310,907
Composition of cash balance:			
Cash on hand			
Petty cash account			
General checking account			
Money market accounts			
Certificates of deposit			
Total cash			
Agency funds			
Total reporting entity - excluding agency funds			

The notes to the financial statement are an integral part of this statement.

STATEMENT 1

Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
\$ 918,949	\$ 391,303	\$ 30,216	\$ 421,519
-	131,263	-	131,263
45,000	32,655	-	32,655
-	131,289	-	131,289
177,962	542,911	-	542,911
1,798	2,100	-	2,100
-	7,500	-	7,500
-	72,728	-	72,728
224,760	920,446	-	920,446
323,903	1,664,814	9,682	1,674,496
129,632	395,638	5,872	401,510
157,703	503,299	4,374	507,673
2,500	55,121	-	55,121
-	670,098	-	670,098
-	77,112	-	77,112
-	90,000	-	90,000
613,738	3,456,082	19,928	3,476,010
\$ 1,757,447	\$ 4,767,831	\$ 50,144	\$ 4,817,975
			\$ 200
			1,300
			68,515
			4,264,979
			500,000
			4,834,994
			(17,019)
			\$ 4,817,975

CITY OF LEOTI, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Leoti is a municipal corporation governed by an elected mayor and five-member council. The City has no related municipal entities.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2018:

REGULATORY BASIS FUND TYPES

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal services fund, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for utility reserve funds and the following special purpose funds:

- Fire Equipment Reserve Fund
- Equipment Reserve Fund
- Saturday Cinema Fund
- Capital Improvement General Fund
- Sidewalk Project Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the carrying amount of the City's deposits, including certificates of deposit, was \$4,834,794 and the bank balance was \$4,823,506. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,323,506 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$31,163 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$244,164. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Vacation Leave – Vacation leave is earned and credited according to a table in the employee handbook. Time is credited to the employee on a monthly basis and begins at 40 hours per year for employees with 1-2 years employment, 80 hours for 3-9 years employment, and 120 hours for 10 or more years. Vacation must be used by the end of each employment year. Any unused vacation at the end of the employment year will be paid out at 50% on the next scheduled pay date. Upon termination, employees will be paid for unused vacation at their regular rate of pay unless said employee fails to provide at least two weeks written notice in advance of their voluntary termination.

Sick Leave – Full time employees earn 4 hours of sick leave for each complete pay period. Sick leave may be accumulated up to 360 hours, but unused sick leave is not paid upon resignation or termination. Employees may use up to 24 hours of their accumulated sick leave per employment year for personal leave at their discretion.

Section 125 Plan – The City offers Section 125 plans for all employees electing to participate. It is used for a variety of insurance, retirement and other benefits. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

Section 457 Deferred Compensation Plan – The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan and the plan is administered by a third party.

E. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General Obligation Bonds:					
Refunding and improvement issued February 11, 2015 in the amount of \$2,675,000 at interest rate of 2.75% maturing February 11, 2055	<u>\$2,499,098</u>	<u>\$ -</u>	<u>\$ 39,622</u>	<u>\$2,459,476</u>	<u>\$ 68,725</u>
Revolving Loan:					
Sewer improvements issued March 11, 2011 in the amount of \$592,149 at interest rate of 3.06% maturing March 1, 2032	<u>477,334</u>	<u>-</u>	<u>25,508</u>	<u>451,826</u>	<u>14,413</u>

E. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital Lease:					
2015 Ravo Street Sweeper issued January 1, 2015 in the amount of \$182,199 at interest rate of 2.35% maturing January 1, 2020	<u>92,125</u>	<u>-</u>	<u>29,949</u>	<u>62,176</u>	<u>2,234</u>
Total contractual indebtedness	<u>\$3,068,557</u>	<u>\$ -</u>	<u>\$ 95,079</u>	<u>\$2,973,478</u>	<u>\$ 85,372</u>

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 40,711	\$ 67,636	\$ 108,347
2020	41,831	66,516	108,347
2021	42,795	65,366	108,161
2022	44,158	64,189	108,347
2023	45,372	62,974	108,346
2024-2028	246,091	295,471	541,562
2029-2033	281,711	259,723	541,434
2034-2038	322,829	218,784	541,613
2039-2043	369,744	171,887	541,631
2044-2048	423,481	118,173	541,654
2049-2053	485,003	56,653	541,656
2054-2055	<u>115,750</u>	<u>3,474</u>	<u>119,224</u>
Total	<u>\$ 2,459,476</u>	<u>\$ 1,450,846</u>	<u>\$ 3,910,322</u>

Current maturities of revolving loans and interest for the next five years and in five-year increments through maturity are as follows:

2019	\$ 26,295	\$ 13,626	\$ 39,921
2020	27,105	12,815	39,920
2021	27,941	11,980	39,921
2022	28,803	11,118	39,921
2023	29,691	10,230	39,921
2024-2028	162,764	36,841	199,605
2029-2032	<u>149,227</u>	<u>10,456</u>	<u>159,683</u>
	<u>\$ 451,826</u>	<u>\$ 107,066</u>	<u>\$ 558,892</u>

Current maturities of capital leases and interest through maturity are as follows:

2019	\$ 30,677	\$ 1,506	\$ 32,183
2020	<u>31,499</u>	<u>684</u>	<u>32,183</u>
Total	<u>\$ 62,176</u>	<u>\$ 2,190</u>	<u>\$ 64,366</u>

F. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Fire Equipment Reserve	K.S.A. 12-1,117	<u>\$ 37,338</u>

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss including property, liability, crime, inland marine, auto, umbrella, linebacker, data compromise, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant reductions in coverage.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2019, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LEOTI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 1,143,650	\$ -	\$ 1,143,650	\$ 918,949	\$ 224,701
Special purpose funds:					
Ambulance and fire equipment	188,000	-	188,000	-	188,000
Special highway	151,387	-	151,387	45,000	106,387
Business funds:					
Water operating	677,047	-	677,047	323,903	353,144
Sanitation operating	268,500	-	268,500	129,632	138,868
Sewer operating	422,321	-	422,321	157,703	264,618
Storm water operating	46,000	-	46,000	2,500	43,500
Total	\$ 2,896,905	\$ -	\$ 2,896,905	\$ 1,577,687	\$ 1,319,218

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 457,678	\$ 462,710	\$ 463,718	\$ (1,008)
Delinquent tax	7,888	20,096	2,388	17,708
Motor vehicle tax	103,350	103,428	103,528	(100)
Recreation vehicle tax	955	932	740	192
16/20M vehicle tax	2,095	2,202	2,098	104
Shared revenue:				
Local alcoholic liquor	1,062	1,227	465	762
Local sales tax	119,076	125,538	100,000	25,538
Compensating use tax	26,363	38,082	27,000	11,082
Licenses, fees, fines and permits:				
Franchise fees	119,400	121,869	115,000	6,869
Fines and penalties	1,350	8,917	1,000	7,917
Other licenses, fees, and permits	6,157	6,832	4,000	2,832
Interest:				
Interest on idle funds	9,869	23,023	6,000	17,023
Other:				
County fire contract	30,000	30,000	30,000	-
Miscellaneous	14,349	17,120	3,000	14,120
Rent	14,400	14,400	-	14,400
State and federal aid	21,883	-	-	-
Transfers:				
Municipal court	76,451	-	-	-
Sewer operating	-	-	200,000	(200,000)
Neighborhood revitalization rebate	(8,203)	(10,056)	(10,300)	244
Total receipts	1,004,123	966,320	\$ 1,048,637	\$ (82,317)
Expenditures:				
General government:				
Personal services	125,788	182,885	\$ 143,000	\$ (39,885)
Contractual services	87,468	86,090	110,000	23,910
Commodities	28,108	29,421	39,500	10,079
Capital outlay	77,596	5,000	5,000	-
Reimbursed expenditures	(66,355)	(5,928)	-	5,928
Total general government	252,605	297,468	297,500	32
Appropriations:				
Airport	1,400	1,900	1,400	(500)
Cemetery	1,400	1,900	1,400	(500)
WCED	42,750	42,750	42,750	-
Golf course	17,500	19,500	17,500	(2,000)
Historical society	6,000	6,500	6,000	(500)
Total appropriations	69,050	72,550	69,050	(3,500)
Public safety:				
Law enforcement agreement	87,000	87,000	87,000	-

CITY OF LEOTI, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Expenditures (continued):				
Public safety (continued):				
Fire department:				
Personal services	\$ 9,064	\$ 8,793	\$ 9,100	\$ 307
Contractual services	30,502	22,969	37,200	14,231
Commodities	43,662	35,199	47,500	12,301
Capital outlay	-	-	10,500	10,500
Total fire department	83,228	66,961	104,300	37,339
Total public safety	170,228	153,961	191,300	37,339
Public works:				
Personal services	83,589	92,000	112,500	20,500
Contractual services	72,781	175,331	75,000	(100,331)
Commodities	32,107	30,549	45,000	14,451
Capital outlay	3,909	6,328	90,900	84,572
Total public works	192,386	304,208	323,400	19,192
Culture and recreation - parks:				
Personal services	19,000	15,000	22,500	7,500
Municipal court:				
Personal services	5,675	5,849	9,700	3,851
Contractual services	31,369	32,575	30,000	(2,575)
Commodities	-	-	200	200
Total municipal court	37,044	38,424	39,900	1,476
Transfers:				
Fire equipment reserve	21,073	37,338	-	(37,338)
Equipment reserve	100,000	-	90,000	90,000
Special highway	-	-	110,000	110,000
Total transfers	121,073	37,338	200,000	162,662
Total expenditures	861,386	918,949	\$ 1,143,650	\$ 224,701
Receipts over (under) expenditures	142,737	47,371		
Unencumbered cash, beginning of year	201,195	343,932	\$ 95,013	\$ 248,919
Unencumbered cash, end of year	\$ 343,932	\$ 391,303	\$ -	\$ 391,303

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

AMBULANCE AND FIRE EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 22,980	\$ 22,780	\$ 22,829	\$ (49)
Delinquent tax	345	865	120	745
Motor vehicle tax	2,742	4,696	5,201	(505)
Recreation vehicle tax	24	42	37	5
16/20M vehicle tax	108	47	105	(58)
Neighborhood revitalization rebate	(412)	(495)	(509)	14
Total receipts	25,787	27,935	\$ 27,783	\$ 152
Expenditures:				
Capital outlay	58,243	-	\$ 188,000	\$ 188,000
Receipts over (under) expenditures	(32,456)	27,935		
Unencumbered cash, beginning of year	135,784	103,328	\$ 160,217	\$ (56,889)
Unencumbered cash, end of year	\$ 103,328	\$ 131,263	\$ -	\$ 131,263

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Gas tax	\$ 39,103	\$ 39,467	\$ 39,850	\$ (383)
Transfer from general	-	-	110,000	(110,000)
Total receipts	39,103	39,467	<u>\$ 149,850</u>	<u>\$ (110,383)</u>
Expenditures:				
Highways and streets:				
Contractual services	112,630	45,000	<u>\$ 151,387</u>	<u>\$ 106,387</u>
Receipts over (under) expenditures	(73,527)	(5,533)		
Unencumbered cash, beginning of year	111,715	38,188	<u>\$ 1,537</u>	<u>\$ 36,651</u>
Unencumbered cash, end of year	<u>\$ 38,188</u>	<u>\$ 32,655</u>	<u>\$ -</u>	<u>\$ 32,655</u>

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CITY OF LEOTI, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2018

	Fire equipment reserve	Equipment reserve	Saturday cinema	Capital improvement general	Sidewalk project	Total
Receipts:						
Grant	\$ -	\$ -	\$ -	\$ -	\$ 72,728	\$ 72,728
Donations	5,000	-	750	-	-	5,750
Transfer from general	37,338	-	-	-	-	37,338
Total receipts	42,338	-	750	-	72,728	115,816
Expenditures:						
Contractual services	-	-	1,775	-	-	1,775
Commodities	-	-	23	-	-	23
Capital outlay	-	177,962	-	-	-	177,962
Total expenditures	-	177,962	1,798	-	-	179,760
Receipts over (under) expenditures	42,338	(177,962)	(1,048)	-	72,728	(63,944)
Unencumbered cash, beginning of year	88,951	720,873	3,148	7,500	-	820,472
Unencumbered cash, end of year	<u>\$ 131,289</u>	<u>\$ 542,911</u>	<u>\$ 2,100</u>	<u>\$ 7,500</u>	<u>\$ 72,728</u>	<u>\$ 756,528</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for service	\$ 619,538	\$ 611,760	\$ 575,000	\$ 36,760
Penalties	6,741	6,308	5,000	1,308
Installations/connections	2,640	3,250	1,500	1,750
Coin box sales	4,463	5,301	4,500	801
Miscellaneous	9,737	5,600	-	5,600
USDA grant income	-	41,238	-	41,238
Total receipts	643,119	673,457	\$ 586,000	\$ 87,457
Expenditures:				
Distribution:				
Personal services	148,835	84,684	\$ 155,000	\$ 70,316
Contractual services	100,538	92,544	128,700	36,156
Commodities	56,915	35,328	55,000	19,672
Capital outlay	10,999	3,000	105,000	102,000
Debt service:				
Principal	-	39,622	39,622	-
Interest	-	68,725	68,725	-
Transfer to water reserve	-	-	100,000	100,000
Transfer to water bond and interest	-	-	25,000	25,000
Total expenditures	317,287	323,903	\$ 677,047	\$ 353,144
Receipts over (under) expenditures	325,832	349,554		
Unencumbered cash, beginning of year	989,428	1,315,260	\$ 886,562	\$ 428,698
Unencumbered cash, end of year	\$ 1,315,260	\$ 1,664,814	\$ 795,515	\$ 869,299

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SANITATION OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Sanitation collection fees	\$ 257,514	\$ 256,564	\$ 197,000	\$ 59,564
Yard waste collection fees	-	2,234	-	2,234
Penalties	2,832	3,001	1,200	1,801
Containers sold	1,233	1,073	-	1,073
Miscellaneous	399	704	500	204
Total receipts	261,978	263,576	\$ 198,700	\$ 64,876
Expenditures:				
Personal services	75,926	84,575	\$ 85,000	\$ 425
Contractual services	20,245	20,763	25,000	4,237
Commodities	31,623	24,294	27,000	2,706
Capital outlay	73,000	-	31,500	31,500
Transfer to equipment reserve	-	-	100,000	100,000
Total expenditures	200,794	129,632	\$ 268,500	\$ 138,868
Receipts over (under) expenditures	61,184	133,944		
Unencumbered cash, beginning of year	200,510	261,694	\$ 135,709	\$ 125,985
Unencumbered cash, end of year	\$ 261,694	\$ 395,638	\$ 65,909	\$ 329,729

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CITY OF LEOTI, KANSAS

SEWER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Sewer fees	\$ 210,433	\$ 213,516	\$ 210,000	\$ 3,516
Penalties	2,276	2,096	2,400	(304)
Total receipts	<u>212,709</u>	<u>215,612</u>	<u>\$ 212,400</u>	<u>\$ 3,212</u>
Expenditures:				
Personal services	38,045	48,950	\$ 46,000	\$ (2,950)
Contractual services	29,595	30,852	30,000	(852)
Commodities	18,804	14,965	15,000	35
Capital outlay	14,177	24,193	91,400	67,207
Debt service:				
Principal	24,745	25,508	25,508	-
Interest	13,936	13,235	14,413	1,178
Transfer to general	-	-	200,000	200,000
Total expenditures	<u>139,302</u>	<u>157,703</u>	<u>\$ 422,321</u>	<u>\$ 264,618</u>
Receipts over (under) expenditures	73,407	57,909		
Unencumbered cash, beginning of year	<u>371,983</u>	<u>445,390</u>	<u>\$ 349,462</u>	<u>\$ 95,928</u>
Unencumbered cash, end of year	<u>\$ 445,390</u>	<u>\$ 503,299</u>	<u>\$ 139,541</u>	<u>\$ 363,758</u>

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CITY OF LEOTI, KANSAS

STORM WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Storm water fees	\$ 8,597	\$ 8,625	\$ 8,800	\$ (175)
Penalties	109	99	120	(21)
Total receipts	8,706	8,724	\$ 8,920	\$ (196)
Expenditures:				
Contractual services	1,555	2,500	\$ 3,000	\$ 500
Commodities	-	-	3,000	3,000
Capital outlay	-	-	40,000	40,000
Total expenditures	1,555	2,500	\$ 46,000	\$ 43,500
Receipts over (under) expenditures	7,151	6,224		
Unencumbered cash, beginning of year	41,746	48,897	\$ 44,666	\$ 4,231
Unencumbered cash, end of year	\$ 48,897	\$ 55,121	\$ 7,586	\$ 47,535

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2018

	Water reserve	Sanitation reserve	Sewer reserve	Total
Receipts	\$ -	\$ -	\$ -	\$ -
Expenditures:	-	-	-	-
Receipts over (under) expenditures	-	-	-	-
Unencumbered cash, beginning of year	670,098	77,112	90,000	837,210
Unencumbered cash, end of year	<u>\$ 670,098</u>	<u>\$ 77,112</u>	<u>\$ 90,000</u>	<u>\$ 837,210</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2018

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Landfill	<u>\$ 16,331</u>	<u>\$ 75,981</u>	<u>\$ 75,293</u>	<u>\$ 17,019</u>

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